

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Valley Senior Village, located at 337 East Valley Parkway in Escondido, requested and is being recommended for a reservation of \$1,056,547 in annual federal tax credits to finance the new construction of 49 units of housing serving special needs tenants and senior tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by National Community Renaissance of California and will be located in Senate District 38 and Assembly District 75.

The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-050

Project Name Valley Senior Village
Site Address: 337 East Valley Parkway
Escondido, CA 92025 County: San Diego
Census Tract: 202.140

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,056,547	\$0
Recommended:	\$1,056,547	\$0

Applicant Information

Applicant: Ivy Valley Housing Partners, L.P.
Contact: Ted Miyahara
Address: 6160 Mission Gorge Road, Suite 204
San Diego, CA 92120
Phone: 619-723-8962
Email: tmiyahara@ots-sdchc.org

General Partner(s) / Principal Owner(s): National Community Renaissance of California
Ivy Valley Housing LLC

General Partner Type: Nonprofit

Parent Company(ies): National Community Renaissance of California
San Diego Community Housing Corporation

Developer: National Community Renaissance of California

Investor/Consultant: Red Stone Equity Partners, LLC

Management Agent(s): National Community Renaissance of California

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 50

No. & % of Tax Credit Units: 49 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: N/A

Information

Set-Aside: Special Needs
Housing Type: Special Needs / Senior
Type of Special Needs: Homeless/formerly homeless; Physical, mental, developmental disabilities
Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
% of Special Need Units: 25 units 50.00%
Geographic Area: San Diego County
TCAC Project Analyst: Tiffani Negrete

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 25	50%
At or Below 50% AMI: 19	35%
At or Below 60% AMI: 5	10%

Unit Mix

49 SRO/Studio Units
<u>1 2-Bedroom Units</u>
50 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
25 SRO/Studio	30%	\$267
19 SRO/Studio	50%	\$811
5 SRO/Studio	60%	\$973
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,337,256
Construction Costs	\$9,933,630
Rehabilitation Costs	\$0
Construction Contingency	\$591,600
Relocation	\$0
Architectural/Engineering	\$1,294,368
Const. Interest, Perm. Financing	\$646,552
Legal Fees	\$125,000
Reserves	\$504,062
Other Costs	\$2,392,954
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$21,025,422

Residential

Construction Cost Per Square Foot:	\$269
Per Unit Cost:	\$420,508
True Cash Per Unit Cost*:	\$419,508

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JP Morgan Chase	\$8,181,127	JP Morgan Chase	\$313,242
County of San Diego - NPLH	\$4,448,628	County of San Diego - NPLH	\$4,942,920
County of San Diego - IHTF	\$1,800,000	County of San Diego - IHTF	\$2,000,000
City of Escondido	\$4,000,000	City of Escondido	\$4,000,000
Deferred Costs	\$1,623,741	Deferred Developer Fee	\$50,000
Tax Credit Equity	\$971,926	Tax Credit Equity	\$9,719,260
		TOTAL	\$21,025,422

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$11,440,226
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$14,872,294
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,056,547
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Red Stone Equity Partners, LLC
Federal Tax Credit Factor:	\$0.91991

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Special Needs
Final:	80.155%

Significant Information / Additional Conditions

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

This project will serve 100% senior tenants with 50% of the units reserved for seniors with special needs.

The project has a capitalized operating subsidy reserve (COSR) from HCD for 24 units for 20 years. The reserve will be held by HCD and will be used to ensure breakeven cash flow.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Escondido, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Senior project within ½ mile of daily operated senior center/facility	3	3	3
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of medical clinic or hospital	2	0	2
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.